

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6922

BILL NUMBER: SB 253

NOTE PREPARED: Feb 28, 2005

BILL AMENDED: Feb 24, 2005

SUBJECT: Insurance Mandate Review Task Force.

FIRST AUTHOR: Sen. Ford

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill adds one member to the Insurance Mandate Review Task Force and provides for per diem payment and cost reimbursement for members of the task force to review mandated benefits and mandated benefit proposals. The bill specifies certain requirements for the task force. It expires the task force on December 31, 2010.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) The task force, created in 2003, began meeting in August of 2003 and has met monthly since. The task force consists of eight lay members and one state employee. Currently, the members serve on a voluntary basis without reimbursement. The proposal provides that each member of the task force who is not a state employee is entitled to per diem and reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties. The member who is a state employee is entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties. The bill also adds a member who is an independent actuary.

Currently, the Department of Insurance (DOI) provides administrative support for the task force. The proposal provides that the DOI must also provide actuarial support. Per diem and traveling expenses would also be taken from the DOI budget. It is presumed that the DOI will be able to absorb these additional costs given the DOI's current resources and budget.

The proposal requires the task force upon the request of a member of the General Assembly or determination of the task force to assess the social, medical, and financial impacts of at least one mandated benefit or one

mandated benefit proposal each year. The task force must also annually determine the full cost of all existing mandated benefits in the state as a percentage of the state's average annual wage and health coverage premiums. In making the annual determination, the task force must consider the full cost of existing mandated benefits under a typical group and individual accident and sickness insurance policy and health maintenance organization contract in Indiana as well as the state employee self-insured health plans. The task force may contract for professional services, as necessary, which would increase administrative expenses for the DOI. The specific expense is indeterminable but would depend on the number and nature of services requested.

The bill also changes the reporting date to the Legislative Council from December 31 to November 1 of each year.

Currently, the task force meets approximately once a month. The proposal will increase administrative costs to the DOI for per diem and travel for the task force. The specific impact will depend on how often the task force meets. It is presumed that per diem and travel costs will not exceed \$10,000. The task force, however, could incur additional expenses associated with contracting for professional services.

The bill expires the task force on December 31, 2010.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI; Legislative Council.

Local Agencies Affected:

Information Sources: Amy Strati, Acting Commissioner, DOI, 232-2404.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.